

Senator Charles J. Colgan, Chair
Glen S. Tittermary, Director

VRS Semi-Annual Investment Report: July 2011

BACKGROUND

The Virginia Retirement System (VRS) administers a statewide public employee retirement system for state employees, local school division employees, such as teachers, and employees of participating political subdivisions. In addition, VRS administers group life insurance, deferred compensation, and disability programs for employees, as well as a health insurance credit program for eligible state retirees.

JLARC is responsible for ongoing oversight of VRS. To this end, JLARC staff produce semi-annual reports on VRS investments and administrative matters. The July 2011 report summarizes the status of VRS investments as of March 31, 2011. VRS invests in public equity, fixed income, credit strategies, real estate, and private equity programs, as well as hedge funds.

VRS TRUST FUND PERFORMANCE HIGHLIGHTS

- \$54.3 billion in assets as of March 31, 2011. Most of the losses experienced in 2008 and 2009 were recovered.
- 13% return and increase in value of \$4.2 billion between March 31, 2010 and March 31, 2011.
- Performed at or near the ten-year, five-year, and fiscal year-to-date benchmarks.
- Did not earn the assumed rate of return (7%) over the ten-year period due in part to 2008 and 2009 losses.
- Added value (increased 130 basis points, or 1.3 percentage points) over the long-term benchmark (4.6%) for the ten-year period.